

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1205 - HB 1348

March 15, 2021

SUMMARY OF ORIGINAL BILL: Prohibits a health insurance issuer, a managed health insurance issuer, a pharmacy benefits manager (PBM) or third-party payer from reimbursing a 340B entity for pharmacy-dispensed drugs at a rate lower than that paid for the same drug to pharmacies that are not 340B entities, and from assessing any fee, or other adjustment upon the 340B entity that is not equally assessed on non-340B entities, or exclude a 340B pharmacy from the PBM's or third party's pharmacy network based on criteria that is not applied to non-340B entities.

Prohibits a PBM and third parties from discriminating against a 340B entity or a pharmacy that participates in a health plan as an entity authorized to participate under 42 U.S.C. § 256b in a manner that prevents or interferes with the patient's choice to receive those drugs from the 340B entity.

Effective October 1, 2021, and applies to health plans entered into, executed, issued, amended, delivered, or renewed on or after that date.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

Other Commerce Impact – Due to multiple unknown factors, the exact impact to commerce and jobs cannot be reasonably determined.

SUMMARY OF AMENDMENT (004883): Deletes and rewrites all language after the enacting clause such that the only substantive change is to prohibit a health insurance issuer, a managed health insurance issuer, a PBM or third-party payer from requiring that a claim for a drug by the national drug code number include a modifier to identify that the drug is a covered drug, as defined in 42 U.S.C. § 256b.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the corrected fiscal note.

Assumptions for the bill as amended:

- Based on information provided by the Division of Benefits Administration, the state group insurance program's PBM does not currently pay a differential rate to 340b filling prescriptions.
- No fiscal impact to state or local government.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original corrected fiscal note.

Assumption for the bill as amended:

- Due to multiple unknown factors, such as negotiated rates with PBMs and 340b entities, current rebate amounts, and specific drug prices, an exact impact to commerce and jobs cannot be reasonably determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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